

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01  
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00  
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01  
PA-01 PRS-01 DODE-00 NSCE-00 SSO-00 USIE-00 INRE-00  
/076 W

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O 142349Z DEC 76  
FM AMEMBASSY OTTAWA  
TO SECSTATE WASHDC IMMEDIATE 1915

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POUCHED INFO ALL CANADIAN CONGENS

E.O. 11652: N/A  
TAGS: PGOV, PINT, EFIN, CA  
SUBJ: FEDERAL/PROVINCIAL FIRST MINISTERS' MEETING, DEC. 13-14

1. SUMMARY: FEDERAL PROVINCIAL FIRST MINISTERS' MEETING  
DECEMBER 13-14 ENDED IN GRUDGING AGREEMENT ON FISCAL  
ARRANGEMENTS THOUGH PROVINCES REMAIN FAR FROM SATISFIED.  
END SUMMARY.

2. DEPUTY MINISTER OF FINANCE SHOYAMA TOLD ECON COUNSELOR  
THAT MEETING ENDED WITH AGREEMENT ON MAIN THRUST OF FEDERAL  
GOVERNMENT'S POLICY. GOC HAS PROVIDED FOR TRANSFER OF ONE  
ADDITIONAL POINT OF PERSONAL INCOME TAX TO PROVINCES AND  
HAS ALTERED PER CAPITA GRANTS FOR SHARED COST PROGRAMS  
BY EQUIVALENT OF AN ADDITIONAL POINT. GOC PRESENTED THIS  
AS A TRANSFER OF TWO POINTS AS COUNTER OFFER TO FOUR POINTS  
REQUESTED BY PROVINCES TO COMPENSATE FOR DROPPING OF PRESENT  
REVENUE GUARANTEES. ALL PREMIERS STATED FOR RECORD THAT  
THEY CONSIDERED GOC PROPOSAL INADEQUATE BUT THEY  
ACCEPTED IT. SHOYAMA SAID GOC WOULD NOW TAKE STEPS  
TO REVISE LEGISLATION AS APPROPRIATE.

3. SHOYAMA SAID THAT AS "AN ADD-ON" GOC HAS PROPOSED  
BLOCK FUNDING FOR ADDITIONAL HEALTH SERVICES AS A SUBS-  
STITUTE FOR HEALTH SERVICES PREVIOUSLY FUNDED UNDER COST-  
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SHARED PROGRAM. PROVINCES ARE SUPPOSED TO TAKE THIS UNDER

CONSIDERATION AND COME BACK WITH REACTIONS IN JANUARY.  
THIS DOES NOT AFFECT AGREEMENT ON OTHER POINTS COVERED  
IN PARA ONE ABOVE WHICH SHOYAMA EMPHASIZED WAS A FAIT  
ACCOMPLI.

4. COMMENT: PROVINCIAL FIRST MINISTERS--PARTICULARLY  
BUT NOT ONLY, QUEBEC'S LEVESQUE--MADE ABUNDANTLY  
CLEAR THEIR DISSATISFACTION WITH WHAT THEY VIEW AS  
FEDERAL PARSIMONY. EMBASSY WILL BE REPORTING WITHIN  
NEXT FEW DAYS ON WHAT IS NOT CLEAR AT THIS JUNCTURE, TO  
WIT, IMPLICATIONS OF THIS MEETING FOR BROADER FEDERAL/  
PROVINCIAL RELATIONSHIPS AND PARTI QUEBECOIS SEPAR-  
TISM.  
ENDERS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
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